

GRAD

HJ

73

-A56

1912

Buhr

Annual report of the Secretary of Finance
and Justice : for the fiscal year
ending, June 30, 1912.

UNIVERSITY OF MICHIGAN



3 9015 01804 5735

B

720,845

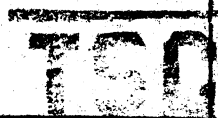
THE GOVERNMENT OF THE PHILIPPINE ISLANDS
DEPARTMENT OF FINANCE AND JUSTICE

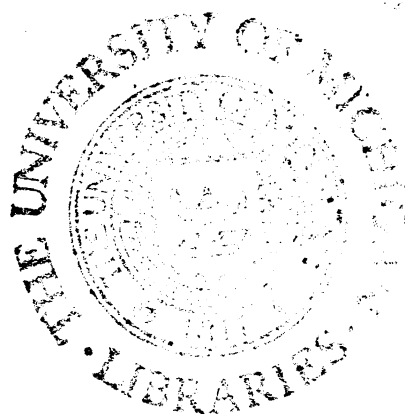
Annual Report of The Secretary of Finance and Justice

For the Fiscal Year ending
June 30, 1912

MANILA
BUREAU OF PRINTING
1912

114467





THE GOVERNMENT OF THE PHILIPPINE ISLANDS
DEPARTMENT OF FINANCE AND JUSTICE

Annual Report of The Secretary of Finance and Justice

For the Fiscal Year ending
June 30, 1912

MANILA
BUREAU OF PRINTING
1912

GRAD

HJ

73

. A56

1912

Buhr

C. C. Buhr
30/11/12
7-10-40

ANNUAL REPORT OF THE SECRETARY OF FINANCE AND JUSTICE.

DEPARTMENT OF FINANCE AND JUSTICE,
Manila, September 26, 1912.

GENTLEMEN: I have the honor to submit for your consideration the report of the Department of Finance and Justice covering the fiscal year ending June 30, 1912.

JUDICIARY.

SUPREME COURT.

The increase in the business of the Supreme Court noted the previous year continued in greater proportion during the fiscal year 1912.

There were filed 441 civil and 476 criminal cases, as against 418 and 420 cases, respectively, filed during the previous year, showing an increase of 79 cases. More cases were disposed of by the court than during the previous year. There were decided 354 civil and 286 criminal cases, a total of 640, as against 244 civil and 343 criminal cases, a total of 587, for the fiscal year 1911. One hundred and forty-one cases were otherwise disposed of, of which 75 were civil and 66 were criminal, as compared with 117 cases, 50 civil and 67 criminal, for the previous fiscal year.

At the close of the year there were 1,004 cases pending, of which 504 were civil and 500 were criminal, compared with 868 pending at the beginning of the year, of which 492 were civil and 376 were criminal. Of the cases pending at the end of the year, 18 were submitted, but no decision rendered. There were 676 not ready for hearing on account of briefs not being filed; and 310 ready for hearing were placed on the calendar for July, 1912, an increase of 149 as compared with the number of cases on the calendar at the beginning of the year.

One hundred and thirty-nine candidates for admission to the bar were examined during the year, as against 158 for the preceding year. Eighty candidates passed the examination, as against 61 for the previous year.

Volumes XVII, XVIII, XIX, and XX of the Philippine Reports have been completed and published in English and Spanish during the year. This brings the Reports down to December 2, 1911.

The total of the fines, fees, and costs collected by the court during the year was ₱11,071.06, as compared with ₱10,859.96 for the preceding fiscal year.

COURT OF FIRST INSTANCE OF MANILA.

There were pending at the beginning of the fiscal year 1912, 1,118 civil cases. During the year 937 civil cases were filed and 798 were disposed of, as compared with 814 filed and 688 disposed of during the fiscal year 1911. There remained pending at the close of the year 1,257 civil cases. Fifty-nine criminal cases were pending at the beginning of the year. During the year 1,397 were filed and 1,388 disposed of, as against 1,125 filed and 1,137 disposed of during the previous fiscal year. There remained pending at the close of the year 68 criminal cases.

There were 26 customs appeal cases pending at the beginning of the year, and during the year 22 were filed and 44 disposed of, leaving 4 cases pending at the end of the year.

The above shows an increase in the number of cases filed, both civil and criminal, and a larger number pending at the close of the year than at the close of the preceding year, notwithstanding there were more cases disposed of than during the fiscal year 1911. The increase in the number of criminal cases pending is not very considerable, being only 9. The increase in the number of civil cases pending is more noticeable, amounting to 139. In order to remedy this condition, it is the intention of the undersigned to assign a judge at large to the Court of First Instance of Manila and have him remain on duty there until the close of the year.

The total collections made by the Court of First Instance of Manila amounted to ₱66,630.57.

COURTS OF FIRST INSTANCES IN THE PROVINCES.

During the year there were filed, including probate cases, 3,881 civil cases, as compared with 3,486 civil cases during the preceding year, an increase of 395 cases. Three thousand three hundred and thirty-four civil cases were disposed of, as compared with 3,643 during the preceding year, showing a decrease of 309 in the number of cases disposed of. At the close of the year there were pending 2,824 ordinary civil and

2,086 probate cases, a total of 4,910, as compared with 2,351 ordinary civil and 2,012 probate cases, a total of 4,363 pending at the beginning of the year, showing an increase of 547 in the number of cases pending.

There were 7,372 criminal cases filed during the year, as compared with 7,081 filed during the preceding year, an increase of 291. Six thousand seven hundred and sixty-four criminal cases were disposed of, as against 7,135 disposed of during the preceding year, showing a decrease of 371. The number of criminal cases pending at the close of the year was 2,348, as compared with 1,740 pending at the beginning of the year, an increase of 608 cases.

The above figures show that the increase in the work of the courts noted during the past years has progressively continued during the year under consideration. The large amount of work in the Courts of First Instance does not permit the judges to give to probate cases the care and attention which they deserve. The delay in disposing of these cases increases year by year. In view of their importance, not only as to the amount of money involved, which in the ten years from 1901 to 1910 amounted to ₱74,605,705, but also with respect to the desirability of partitioning estates as soon as possible and having the property of minor heirs faithfully administered, it is highly advisable from every point of view that the situation be remedied.

It is undoubtedly true that other causes, aside from the lack of time on the part of the judges, contribute to this delay, such as, for example, the difficulty in appointing administrators who can give sufficient bond, the negligence of the administrators in making inventories and filing accounts, and the apathy of heirs in regard to having estates partitioned, frequently preferring, in view of the nature of the property, to have the same remain undivided. Nevertheless, these contributing causes would be much lessened if the judges could give more time and attention to probate cases.

It is also true that in the settlement of estates of small value, the formalities required by the Code of Civil Procedure cause delay and expense which is wholly unjustifiable. The law should be amended so as to permit the judge in his discretion to omit the appointment of appraisers and the publication in the newspapers when the amount of the estate is small and there is no danger of anyone's rights being prejudiced by such omissions.

The above conditions demonstrate the need for more judges. .

During the year orders were issued for holding special terms at other than the regular places for holding court, as follows:

Date of order.	Judge.	Where held.
July 10, 1911	Judge of the district	Tigaon, Ambos Camarines.
July 18, 1911	do	Mambajao, Misamis.
Do	do	Oroquieta, Misamis.
Do	do	Cabadbaran, Agusan.
July 21, 1911	do	Atimonan, Tayabas.
Aug. 29, 1911	do	Cuyapo, Nueva Ecija.
Sept. 26, 1911	do	Oroquieta, Misamis.
Oct. 13, 1911	Herbert D. Gale, judge at large.	Malaybalay, Agusan.
Nov. 20, 1911	Judge of the district	Banaue, Mountain.
Do	do	Lubuagan, Mountain.
Do	do	Cervantes, Mountain.
Do	do	Tagudin, Mountain.
Dec. 6, 1911	do	Aparri, Cagayan.
Dec. 9, 1911	Isidro Paredes, judge at large.	San Pablo, Laguna.
Dec. 27, 1911	Judge of the district	Ormoc, Leyte.
Jan. 12, 1912	Herbert D. Gale, judge at large.	Zaragoza, Nueva Ecija.
Jan. 16, 1912	Judge of the district	Tanculan, Agusan.
Do	do	Misamis, Misamis.
Do	do	Oroquieta, Misamis.
Jan. 24, 1912	Hebert D. Gale, judge at large	San José, Nueva Ecija.
Jan. 26, 1912	Judge of the district	Malabang, Moro.
Feb. 24, 1912	Herbert D. Gale, judge at large	Cuyapó, Nueva Ecija.
Do	Judge of the district	Virac, Albay.
Mar. 25, 1912	do	Daet, Ambos Camarines.
Do	do	Tigaon, Ambos Camarines.
Apr. 30, 1912	do	Mambajao, Misamis.
May 15, 1912	do	Tanculan, Agusan.
Do	do	Oroquieta, Misamis.
June 3, 1912	Charles S. Lobingier, judge, Manila district	Banaue, Mountain.
Do	do	Lubuagan, Mountain.
Do	do	Cervantes, Mountain.
Do	do	Tagudin, Mountain.

In addition to the above, orders were issued directing judges at large to act in various districts, as follows:

Date of order.	Judge.	District to which assigned.
Sept. 26, 1911	Isidro Paredes	Sixth.
Sept. 29, 1911	Higinio Benitez	Fifth.
Oct. 5, 1911	do	Sixth.
Oct. 12, 1911	Herbert D. Gale	Fourth.
Oct. 13, 1911	do	Thirteenth.
Do	Higinio Benitez	Seventh.
Nov. 11, 1911	George N. Hurd	Thirteenth.
Dec. 15, 1911	Herbert D. Gale	Fourth.
Jan. 24, 1912	George N. Hurd	Eleventh.
Jan. 27, 1912	Isidro Paredes	Third.
May 7, 1912	do	Sixth.
May 16, 1912	George N. Hurd	Eleventh.
June 28, 1912	Higinio Benitez	Ninth.

Orders were also issued directing regular judges to act in other districts, as follows:

Date of order.	Judge.	Regular district.	District to which assigned.
July 1, 1911	Jose C. Abreu	Sixteenth	Twelfth.
July 31, 1911	Richard Campbell	Mountain	Sixth.
Feb. 14, 1912	John S. Powell	Ninth	Fifteenth.
Apr. 19, 1912	Jose C. Abreu	Sixteenth	Do.
Apr. 30, 1912	Chas. S. Lobingier	Manila	Mountain.
May 24, 1912	Jose C. Abreu	Sixteenth	Fifth.
May 27, 1912	Simplicio del Rosario	Manila	Seventh.
May 29, 1912	Mariano Cui	Seventh	Sixteenth.

The collections made by the Courts of First Instance in the provinces during the fiscal year 1912 amounted to ₱136,332.37, compared with ₱158,627.94 in 1911.

COURT OF LAND REGISTRATION.

During the year 774 applications were filed, this being 209 less than during the preceding year. Of these applications, 10 were filed by the Insular Government, 10 by provincial governments, 156 by municipal governments and 3 by the city of Manila, a total of 179 filed by the Insular, provincial and municipal governments and the city of Manila. The greater number of applications presented during the fiscal year 1911 was to a great extent a result of the reservation proceedings. Only 363 applications were presented during that year which may unconditionally be termed voluntary proceedings on the part of individuals, while during the year 1912 the number of such voluntary applications presented shows a material increase, there being 595 that may be so considered.

The 774 applications filed during the year represent receipts to the amount of ₱47,032.20, and involve property to the value of ₱14,860,440.48, while the 983 cases begun during the preceding year represented receipts to the amount of ₱48,346.54, and property to the value of ₱7,850,548.96, or approximately one-half of the property value of the cases filed during the fiscal year 1912. The proportional increase in receipts and property value involved is due to the tendency to embody in one application a greater number of parcels of land than has heretofore been customary.

The business transacted by the court during the fiscal year 1912, and also the status of all cases filed to June 30, 1912, is shown by the following table:

	Con- firmed.	Denied.	Dis- missed.	Total.
Final disposition made	754	20	54	828
Decided, but subject to appeal	50	1	6	57
Appealed to Supreme Court	26	3	1	30
Total year's business	830	24	61	915
Previous appeals pending	46	6	5	57
Prior final disposition made	5,934	239	555	6,728
Total business transacted	6,810	269	621	7,700
Pending on the dockets				548
Total cases June 30, 1912				8,248

Of the 8,248 cases filed from the organization of the court to June 30, 1912, 2,226 involved property in the city of Manila, to the value of ₱47,543,391.35; and 6,022 applications represent

property in the provinces of the value of ₱53,143,139.68, a total value of property involved of ₱100,686,531.03.

During the year final decrees were issued in 1,252 cases, there being 1,434 decrees, involving 2,575 parcels, with a total area of 470,479,164 square meters. The total number of cases in which decrees have been issued by the court from its organization to June 30, 1912, is 6,357, involving parcels of land with a total area of 3,391,711,869 square meters.

The total number of cases in which decrees were issued does not agree with the number of cases finally disposed of, as shown by the preceding table, due to the fact that corrections in plans and surveys are frequently ordered in the final decision, and for this reason there are many cases decided in which decrees were not issued, and decrees may be issued one year corresponding to cases decided the preceding year.

In the report of this department for the fiscal year 1911, special attention was invited to the result of the proceedings in case No. 6692, entitled "The Director of Lands *vs.* Numeriano Abalos et al.," a case brought under the provisions of section 61 of the Public Land Act, and which was to all intents and purposes a cadastral project, clearly showing the advantage of the cadastral system of registration. A bill providing for such system of registration was passed by the Philippine Commission in the last two sessions of the Legislature, but failed to become a law. The Commission, using its legislative power over the territory occupied by non-Christian tribes, passed Act No. 2075, entitled "An Act providing certain special proceedings for the settlement and adjudication of land titles in the Moro Province, the Mountain Province, the Province of Agusan, and the Province of Nueva Vizcaya." This Act is substantially the same as the bill which was passed by the Commission and submitted to the Assembly for concurrence affecting the territory under the jurisdiction of the Philippine Legislature.

The first case brought under the above-mentioned Act was case No. 7880. I extract the following from the report made thereon by Associate Judge Jesse George of the Court of Land Registration:

The case as originally published was based on the cadastral survey of the town site of Zamboanga, made by the Bureau of Lands in 1909, including the entire town of Zamboanga and an extensive area of rich cultivated agricultural land surrounding it, amounting in all to over 2,000 hectares. The original survey showed some 1,800 parcels but owing to the sales, partitions, and subdivisions made during the three years since the survey, the corrected plans showed 2,088 parcels, of the value of almost ₱2,000,000. The trial of the case was begun on January 22, on which date the various parcels were assigned for

hearing in the order of their cadastral numbers, an average of fifty parcels being assigned for each day. The hearing was finished on March 30, two months and ten days on 2,088 parcels of land, or as many as were decreed by the court in the first four years of its existence. Most of the lots registered were small parcels, the homes and holdings of poor people who have been unable to have their lands registered under Act 496 because of the expense. Of the whole number of parcels, only 320 were of more than ₱500 in value; 1,113 were of ₱200 or less, and 200 parcels were of less than ₱50 in value. The costs have been apportioned among the lots according to values, in some cases running as low as ₱2.50, including the certificate, to be paid in five equal annual installments. The cost for the most valuable parcel under this apportionment was only ₱16.

The result of the case above referred to fully corroborates the views of the undersigned expressed in his annual report for the fiscal year 1911 as to the advantage of the cadastral system of registration, and is the strongest argument for the passage of an Act by the Philippine Legislature similar to Act 2075 enacted by the Commission for the non-Christian territory.

COST OF MAINTAINING THE JUDICIARY AND CODE COMMITTEE.

The following figures show the cost of maintenance of the Judiciary and the Code Committee for the past fiscal year:

	Judiciary.	Code Committee.
Total expenses	₱955, 814. 19	₱73, 142. 21
Receipts from operations	204, 494. 06	2. 58
Net expenditures	751, 320. 13	73, 139. 63

JUSTICE OF THE PEACE COURTS.

Pursuant to the provisions of Act No. 2041, examinations for justices of the peace have been held in all the provinces, with the exception of the city of Manila, in conformity with the rules and regulations prepared by the Attorney-General's office, with the approval of the Secretary of Finance and Justice. Fourteen hundred and twenty candidates took the examinations, 1,043 of whom passed. A sufficient number of eligibles to fill the positions of justices of the peace have not been secured in the Provinces of Bohol, Isabela, Misamis, and La Union. This deficiency has, however, been properly provided for by permitting justices of the peace appointed prior to the passage of Act No. 2041 to continue to hold their respective offices until their successors are duly appointed and qualified. It is expected that on January 13, 1913, other examinations for justices of the peace will be held in all the provinces.

During the year 333 justices of the peace and 94 auxiliary justices of the peace were appointed; 6 and 11 respectively

declined appointment; 97 and 138 resigned; 213 and 52 were relieved from office, not having qualified under Act No. 2041; 5 and 5 died. Charges were brought against 24 justices and 10 auxiliary justices of the peace, of whom 17 and 8, respectively, were suspended pending final decision; 2 and 3 were removed and disqualified; 15 and 6 were removed; 4 justices were required to resign or resignation accepted; 1 and 1, respectively, were reprimanded, disciplined, or suspended; and 2 justices were found not guilty. Of the justices of the peace and auxiliary justices removed, 2 and 1 respectively, were qualified under Act No. 2041, and of the justices of the peace required to resign, 1 had the qualifications prescribed by said Act.

At the present time there are 513 justices of the peace and 90 auxiliary justices qualified and holding office under the provisions of Act No. 2041; 103 justices and 354 auxiliary justices not so qualified who have been continued in office, and 13 justices and 37 auxiliary justices who have been given temporary appointment without being qualified under said Act.

It has not been possible to secure accurate reports of the work of the justices of the peace, owing doubtless to the many changes in the personnel of the courts consequent upon their reorganization under Act No. 2041. Judging, however, from the reports received and comparing them with those of the preceding year, it appears that the work of the courts has both increased and improved. The larger jurisdiction conferred upon justices of the peace of the capitals of provinces and upon provincial governors acting as justices of the peace, permitting them to hear matters of lesser importance originally cognizable by the Court of First Instance, has proved to be a great relief to the judges of the Courts of First Instance.

The total administrative expenses of the justices of the peace courts for the past fiscal year were ₱485,914.67; the income from fees, fines, etc., ₱263,258.55, leaving the net cost of administration ₱222,656.12.

BUREAU OF JUSTICE.

The legal work performed by the Bureau of Justice during the fiscal year 1912, as compared with the previous fiscal year, is shown in condensed form in the following summary:

	1911.	1912.
Cases in the Supreme Court in which briefs and arguments were presented	252	266
Cases in the Supreme Court in which that office appeared by motion	29	61

	1911.	1912.
Cases in the Court of Land Registration in which that office appeared and opposed registration	554	536
Cases in the Court of Land Registration examined but no opposition presented	410	604
Cases conducted in the Courts of First Instance	266	118
Written opinions rendered by the Attorney-General to the Chief Executive, heads of Departments, Bureau chiefs, and other officials	212	225
Applications for loans submitted by the Agricultural Bank for examination of title papers	79	170
Mortgages involving loans to the amount of ₱221,303, titles in which were examined	61	69

The Attorney-General took charge of and administered the estates of twenty-seven deceased American employees, and took preliminary steps pending the appointment of an administrator by the court in four estates. There was collected on account of estates administered ₱35,647.92, while the disbursements amounted to ₱31,436.82, leaving a balance on hand June 30, 1912, of ₱4,211.10 to the credit of twenty-one estates pending settlement.

Some difficulty has been encountered in the past in the embalming and shipping of remains to the United States. During the past year arrangements were effected with the military authorities whereby the remains of deceased Government employees are embalmed by the United States Army Morgue officials, by whom arrangements are also made for funerals or shipment to the United States, as the case may be. These services are rendered at cost, thereby materially reducing the charges against estates.

The Attorney-General has called attention to the fact that in some instances the estates of deceased Government employees may not have sufficient funds with which to defray the expenses in connection with the disposition of the remains. It is suggested that to meet such contingency a special insolvent estate fund be created by the retention of a small percentage from the assets of all estates in which the net proceeds exceed five hundred pesos, which, with a small original refundable appropriation, could be carried in the Insular Treasury as a trust fund. Such arrangement would be entirely equitable, in view of the fact that no fees are charged by the Attorney-General for the administration of the estates of deceased Government employees.

The total expense of maintaining the Bureau of Justice for the year was ₱144,470, the receipts from operation ₱1,225, leaving the net expenditures ₱143,245.

PROSECUTION OF CRIMES AND THE WORK OF THE PROVINCIAL FISCALS.

The question of the administration of justice in criminal matters has attracted the attention of the public, and it has become a topic of general discussion during the last few months. The consensus of opinion has been favorable to the work done by the provincial fiscals. Attention has, however, been drawn to the fact that the ratio of convictions is low and that there are a great number of acquittals and dismissals due to the inefficiency of the prosecuting officers. Statistics covering all criminal cases during the quinquennium 1906-1911 show the yearly ratio of convictions during the said period to be 46 per cent as the minimum, 81 per cent as the maximum, with a general average of 65 per cent; the yearly ratio of acquittals to be 7 per cent as the minimum, 26 per cent as the maximum, with a general average of 17 per cent; and the yearly ratio of dismissals to be 2 per cent as the minimum, 41 per cent as the maximum and 18 per cent as the general average. Excluding the number of cases dismissed, which in reality were never tried, the ratio of convictions is 69 per cent as the minimum, 91 per cent as the maximum, with a general average of 80 per cent; and that of acquittals 9 per cent as the minimum, 31 per cent as the maximum, and 20 per cent as the general average.

If we take into consideration the circumstances upon which the successful prosecution of a crime may depend, the above results may be considered very satisfactory.

The manner in which crimes are investigated in the first place must be taken into consideration. It is not possible for the provincial fiscal to go to each and every one of the municipalities of the province, particularly when court is in session, for the purpose of personally conducting preliminary investigations. The law imposes upon justices of the peace the duty of conducting preliminary investigations, although the provincial fiscal in important cases usually intervenes. Upon conclusion of the preliminary investigation, the justice of the peace forwards to the Courts of First Instance a summary of the testimony of the witnesses. The provincial fiscal must in the majority of cases rely on such summary, which often does not faithfully show the testimony of the witnesses; and in many cases, although the summary may be reliable, the witnesses change their testimony when examined by the fiscal before the trial or when put upon the witness stand. This naturally increases the number of dismissals and acquittals without any

fault whatever on the part of the fiscal. The number of dismissals is also increased by the fact that in accordance with General Orders, No. 58, and Act No. 194, a justice of the peace is required to bind the accused over to the Court of First Instance whenever he finds reasonable grounds to believe that the crime was committed by him, while the Court of First Instance under the law cannot convict the accused unless his guilt is shown beyond a reasonable doubt. Differences of opinion between the provincial fiscal and the judge of the Court of First Instance as to the interpretation of penal statutes are also responsible in not a few cases for unsuccessful prosecutions. The unwillingness of witnesses for the prosecution to appear, in order to avoid making enemies and because the law makes no provision for per diems or traveling expenses; the ignorance of witnesses and the fact that they nearly always testify through an interpreter, are also factors which work against the securing of convictions, as is also the disloyalty of the offended party and his witnesses, which is sometimes manifested at the most critical moments during the progress of the trial. Should the offended party effect a compromise and the prosecution not consent to the dismissal of the case, the result is generally unfavorable to the prosecution. Any testimony given by the offended party and his witnesses in the preliminary investigation which is contrary to that with which he tries to favor the accused can only be used at best to impeach the witness, and the court invariably follows the well settled doctrine that any reasonable doubt should be resolved in favor of the accused.

The fiscal files his complaint having heard only the evidence for the prosecution and without having had an opportunity to examine the evidence for the defense. He is required to file a complaint if from his investigation it appears that there is evidence sufficient to procure a conviction. On the other hand, the judge decides the case after having heard the evidence for the defense, which may overcome the evidence for the prosecution, and only finds against the accused when his guilt is clearly proven. The presumption of innocence is always in favor of the accused. Due to this, even where the fiscal is most zealous and able, it is not always possible to obtain convictions.

The Code of Criminal Procedure also contains many precepts which favor the defendant, such as the one providing that the court may at any time before judgment upon a plea of guilty permit it to be withdrawn and a plea of not guilty substituted. The law also establishes many causes for a dismissal, as, for,

instance, the death of the accused pending trial, the marriage of the accused to the offended party in case of abduction, seduction or rape, the prescription of the crime, the discharge of the accused for the purpose of being used as a witness for the prosecution, former jeopardy, etc. Dismissals due to these causes have no bearing on the ability of the prosecuting officer.

The former Secretary of Finance and Justice, the Honorable Henry C. Ide, and the Honorable James F. Smith, Acting Secretary of Finance and Justice, in their annual reports commended the work of the provincial fiscals, considering it on the whole very satisfactory. I take pleasure in ratifying the remarks of my predecessors, and desire to add that with the experience gained by the fiscals during the past year it may be said that they have become more familiar with American criminal procedure and that their work is becoming more and more efficient. With few exceptions, they are able to speak and write the English language, and those who cannot do so are at least able to read English textbooks intelligently.

BUREAU OF THE TREASURY.

PERSONNEL.

On April 10, 1912, Mr. Jeremiah L. Manning, Assistant Insular Treasurer, was appointed Insular Treasurer, vice John L. Barrett resigned. On the same date Mr. Robert C. Baldwin, disbursing officer of the Municipal Board of the city of Manila, was appointed Assistant Insular Treasurer.

FINANCIAL STATEMENT.

The following statement shows the balance on hand at the close of the fiscal year 1911, the receipts, withdrawals and currency exchanges during the fiscal year under consideration, and the balance on hand at the close of business on June 30, 1912:

General funds:

Balance on hand at close of business June 30, 1911.... ₱31,935,585.68

Receipts for fiscal year, account of—

Customs	₱7,216,489.67	
Internal revenue	12,933,308.97	
Miscellaneous	4,489,990.75	
City of Manila	3,461,022.82	
Repayments	9,764,310.24	
Gold-standard fund	1,268,603.16	
Trust funds	18,091,069.80	
Currency exchanges	63,529,220.54	
		<hr/>
		120,754,015.95

Total 152,689,601.63

General funds—Continued.

Withdrawals for fiscal year, account of—

Check-vouchers paid	₱60,746,166.61	
Currency exchanges	63,529,220.54	
		<u>₱124,275,387.15</u>

Balance on hand June 30, 1912	28,414,214.48
-------------------------------------	---------------

Depository accounts:

Balance on hand at close of business	
June 30, 1911	10,357,676.95
Deposits during the fiscal year	97,990,803.99
Total	<u>108,348,480.94</u>
Withdrawals during fiscal year	<u>97,087,304.39</u>

Balance on hand June 30, 1912	11,261,176.55
-------------------------------------	---------------

Certificate redemption fund:

Balance on hand at close of business	
June 30, 1911	27,339,909.50
Certificates issued during	
fiscal year	₱16,285,000.00
Certificates retired dur-	
ing fiscal year	<u>14,798,578.50</u>

Net amount issued during fiscal	
year	<u>1,486,421.50</u>

Balance in fund at close of business June 30, 1912..	<u>28,826,331.00</u>
--	----------------------

Total of funds for which Insular Treasurer was ac-	
countable at close of business on June 30, 1912....	<u>68,501,722.03</u>

This balance was distributed as follows:

	United States currency.	Philippine currency.
In treasury vaults	\$2,651,683.41	₱34,423,897.22
In treasury vaults, certified checks on local		
banks		821,048.64
On deposit with local banks on open account.....		6,157,290.83
Time deposits with local banks		1,017,250.60
On deposit with authorized depositories in		
the United States	<u>10,389,433.96</u>	
Total	<u>13,041,117.37</u>	<u>42,419,487.29</u>
		<u>26,082,234.74</u>
Grand total		<u>68,501,722.03</u>

The "general funds" balance of ₱28,414,214.48 in the foregoing statement includes the balances of various trust funds and is made up as follows:

Gold-standard fund	₱15,745,022.67
Friar lands bonds sinking fund	444,949.32
Manila sewer and waterworks construction bonds fund.....	306,385.27
Manila sewer and waterworks construction bonds sinking	
fund	198,874.50
Money order funds	<u>830,357.98</u>

Constabulary pension and retirement fund	₱48,307.26
Assurance fund, Act No. 496	30,105.43
Insurance fund, Act No. 1728	15,424.97
Fidelity bond premium fund	122,684.33
Public works and permanent improvement bonds sinking fund	58,807.01
Postal Savings Bank funds	519,035.21
Insurance fund, city of Manila	2,842.14
General fund	^a 10,091,418.39
Total	28,414,214.48

^a Includes Rizal Monument fund outstanding liabilities, and such other funds as are not accounted for separately on the books of this Bureau.

The "depository balance" of ₱11,261,176.55 in the same statement is made up of the following accounts:

Agricultural Bank	₱142,205.15
American Bank in liquidation	5,536.21
Cavite electric light franchise, section 2, Act No. 667.....	1,000.00
Fourth of July fund	1,068.78
Insular disbursing officers	3,485,820.68
Memorial monument fund, Act No. 1840	255.52
Treasurer of the United States	2,435,420.22
Trust funds, section 11, Act No. 1510	56,884.00
United States disbursing officers	5,082,510.20
Marinos Mercantes in liquidation	289.23
Average account	186.56
Guarantee deposit of Manila Gas Company, Act 2039	50,000.00
Total	11,261,176.55

INTEREST COLLECTED.

The total amount of interest received during the year on Government funds deposited in the United States and in the Philippine Islands was ₱918,069.25, which was ₱20,205.46 less than that received during the preceding fiscal year. This falling off is accounted for by the fact that during the fiscal year under consideration no deposits have drawn interest at a higher rate than 3 per cent per annum, while during the first eight months of the fiscal year 1911 amounts on fixed deposit, varying from \$3,000,000 to \$11,000,000, drew interest at 3½ per cent, and some small amounts drew interest at 4 per cent.

FIDELITY BOND PREMIUM FUND.

During the past year shortages were paid amounting to ₱33,466.36, as compared with ₱15,149.31 paid during the previous year. This fund now amounts to ₱464,525.27, and it is believed that its annual earnings in the near future will be more than sufficient to meet any defalcations likely to occur.

Based on the rates charged by the surety companies prior to the inauguration of the present system on January 1, 1908, the Government would have paid such surety companies during the past four and one-half years over ₦350,000. The total shortages paid during that period have been less than ₦63,000, and the cost of operation has been less than ₦28,000. These figures forcibly demonstrate the economy of the present system.

On January 1, 1912, the rate of premium charged was reduced from 1 per cent to three-fourths of 1 per cent per annum, and on July 1, 1912, the rate was still further reduced to one-half of 1 per cent. The total of all bonds in effect January 1, 1912, was ₦8,337,750.

The recommendation made in my report for the fiscal year 1911 regarding the desirability of legislation permitting this fund to bear its own expenses, now paid from the appropriation for the Treasury Bureau, is renewed.

BANKS AND BANKING.

Agricultural Bank.—The amount loaned by the bank during the year was a little less than that loaned during the preceding fiscal year, the figures being ₦221,303 and ₦230,450 respectively. The number of applications was 170, and the number of loans made was 69, as compared with 123 and 61, respectively, for the previous year. Sixteen loans amounting to ₦44,319 were repaid. No foreclosure proceedings were instituted during the year. The great majority of borrowers are prompt in meeting their interest obligations, although there is at the present time a rather large amount of interest delinquent, ₦5,698.76, principally due to the protracted drought throughout the Islands and consequent loss of crops.

At the close of the year there were outstanding loans amounting to ₦655,203. The profit and loss account on June 30, 1912, showed the net profits to be ₦52,950.87.

On October 1, 1911, the rate of interest charged the borrowers was reduced from 10 to 8 per cent on loans secured by mortgage on property registered under the Land Registration Act.

One agency of the bank was established in 1909, twelve in January, 1912, and seven in June, 1912, too late to open for business in this fiscal year. At present these agencies are only accepting current accounts, and these solely for the convenience of the local merchants and the public. Only one of the agencies established in January, 1912, has failed to secure depositors. In all other agencies the privileges offered were enthusiastically

welcomed. At the end of the present fiscal year the twelve agencies actually doing business had a total deposit balance of ₱92,749.28.

This is the first year in which salaries of the employees of the bank have been paid by the bank. Formerly they were paid out of the regular appropriation for the Treasury Bureau.

Private banks.—A comparative consolidated statement of the resources and liabilities of all the commercial banks in the Islands at the close of business on June 30 for the years 1911 and 1912 shows the following:

	1911	1912	Increase.	Decrease.
Total resources	₱49,115,393.72	₱71,771,455.70	₱22,656,061.98	-----
Loans and discounts	7,415,454.04	11,262,039.79	3,846,585.75	-----
Overdrafts	18,189,289.22	23,922,392.39	5,733,103.17	-----
Current accounts	14,434,010.49	18,704,471.37	4,270,460.88	-----
Fixed deposits	10,349,317.98	10,127,432.50	-----	₱221,885.48

American Bank in liquidation.—The last of this bank's assets have been converted into cash, a final report rendered to the court, and the receivership will shortly be terminated. Dividends have been declared to the amount of 53 per cent.

BOND ISSUES.

During the year authority was given to the Philippine Railway Company to issue bonds to the amount of \$275,000, and to the Manila Railroad Company to the amount of \$1,940,000, against completed portions of their lines.

The total issue of the Philippine Railway Company now amounts to \$8,382,000, and of the Manila Railroad Company \$4,936,000. The annual liability of the Government on account of its guaranty amounts to ₱1,065,440, Philippine currency.

GOLD-STANDARD FUND.

Under Act No. 2083, passed December 8, 1911, the gold-standard fund has a fixed status, namely, 35 per cent of the coinage of the Philippine Islands in circulation or available for circulation, the surplus to be transferred to the general fund. The sum of ₱3,397,027.65 has been so transferred during the year and made available for appropriation. This Act also authorizes the loaning of the investment portion of this fund, which had theretofore been kept on deposit in banks in the United States and in Manila, to provinces and municipalities for public works and permanent improvements, and to the Manila Railroad Company to complete certain sections of railroad. Under this provision ₱2,013,700 has been loaned to provinces and municipalities, and ₱200,000 to the Manila Railroad Company.

The amount of exchange sold on New York during the year was ₱24,403,118.08, as compared with ₱27,725,387.60 for the year ending June 30, 1911.

Demand drafts and telegraphic transfers sold during the year by the Insular Treasurer on provincial treasurers and vice versa amounted to ₱3,086,128.70, an increase of ₱512,936.14 over the preceding year.

The net income of the fund for the year on account of the sale of exchange and interest on deposits and loans was ₱926,877.39, an increase of ₱10,105.40 over the preceding year. On June 30, 1912, the gold-standard fund amounted to ₱18,271,940.77, being ₱2,345,814.79 less than it was on June 30, 1911. Adding to this balance the surplus of ₱3,397,027.65 which was transferred to the general fund during the year under Act No. 2083, more than makes up for this diminution.

CIRCULATION.

From July 1, 1903, to June 30, 1912, the exports of Spanish-Filipino and Mexican coins amounted to Pfs.33,670,234.30. It is estimated that Pfs.350,000 still remain in the Islands.

About 90 per cent of the silver currency of the first coinage has been returned and recoined. During the past fiscal year ₱278,000 was withdrawn from circulation and forwarded to the San Francisco mint for recoinage. It is calculated that ₱2,500,000 of the first coinage is still in circulation in the Islands.

The total silver coinage of the present weight and fineness already received from the United States mint amounts to ₱49,202,832.67.

Silver certificates to the amount of ₱28,826,331 were in circulation on June 30, 1912, and ₱13,034,000 in the Treasury vaults on the same date. During the year mutilated and worn silver certificates were destroyed to the amount of ₱7,126,578.50.

The Insular Treasurer has received and issued to the Bank of the Philippine Islands (formerly the Banco Español-Filipino) for circulation notes to the amount of ₱5,327,500.

The total amount of money in circulation in the Islands on June 30, 1912, was ₱52,055,892.97, being ₱3,900,305.82 more than it was on the same date in 1911.

EXPENSES OF CONDUCTING THE BUREAU.

The total expenditures for the Bureau during the fiscal year amounted to ₱114,834.57, as compared with ₱123,104.30 for the preceding fiscal year.

BUREAU OF CUSTOMS.

GENERAL TRADE CONDITIONS.

Trade conditions, as indicated by the customs statistics for the past year, continue to improve. The total commerce between the Islands and other countries during the year reached a total value of \$104,869,816, an increase of 17 per cent over that of the previous year.

The total trade figures for the past two years are given below:

	Fiscal year 1911.	Fiscal year 1912.	Increase in 1912.
Total imports	\$49,833,722	\$54,549,980	\$4,716,258
Total exports	39,778,629	50,319,836	10,541,207
Total trade	89,612,351	104,869,816	15,257,465

The above table shows a larger increase in exportations than in importations. The most encouraging feature of the growth of exports is the fact that domestic products exported have shown generally not only a large increase in volume, but a tendency towards improvement in quality, resulting in substantially higher prices.

The balance of trade against the Islands is this year \$4,230,144, as compared with \$10,055,093 for the preceding year. The difference, \$5,824,949, may be taken as an indication of the commercial progress made during the year. This unfavorable balance of trade is more apparent than real, as the figures showing the total imports include importations by the United States Army and Navy, the Government of the Philippine Islands and the local railway companies, and also large quantities of supplies brought in by commercial importers under contract with the various departments of the Federal and Philippine Governments, which importations do not constitute a burden upon the resources of the country.

Trade with the United States, both imports and exports, has increased during the year. Forty per cent of the total commerce of the Islands the past year was with the United States, imports reaching 38 per cent and exports 43 per cent of the respective totals, as compared with 40 per cent, 39 per cent and 42 per cent, respectively, for the previous year. Leaving aside rice importations, the entire increase in the import trade for the year was absorbed by the United States, and in addition 35 per cent of that trade was diverted from other countries.

IMPORTS.

All kinds of imported merchandise, except cotton, coal, and live cattle, show an increase in value. Rice ranks first among

the imports this year, taking the place of cotton goods, which has long headed the list. The total value of the rice imported was \$10,569,949, while during the preceding year the importations of this commodity were valued at \$6,560,630, an increase of \$4,009,319, to which is largely due the increase in importations, the increase in the value of other imports being \$706,939.

Cotton goods ranks second among imported articles. The value of the importations of this commodity dropped from \$10,305,017 in 1911 to \$9,246,595 in 1912. The greatest loss in this trade was sustained by the United Kingdom, importations from that country falling off more than one million dollars, or 32 per cent. Importations from the United States and British East Indies slightly increased, while the increase from Japan has been 49 per cent. Among the other countries supplying these goods the loss in trade has been general.

The United States continues at the head of the list of countries sending merchandise to these Islands, with importations of \$20,604,155, as compared with \$19,818,841 in 1911. As in the previous fiscal year, next comes the French East Indies with importations of \$9,575,741, as compared with \$7,415,881. The United Kingdom takes third place, with importations to the value of \$5,509,773. Japan follows with \$3,234,714, forcing Australasia from fourth to fifth place; then come Germany, China British East Indies, France, Spain, and Hongkong in the order named.

Notwithstanding the largely increased importations from the United States consequent upon the passage of the Tariff Act of 1909, importations from all other countries show a steady increase since that year, and exceeded during the year 1912 those of 1911 by nearly four million dollars. Importations from all countries except the United Kingdom, China and Spain have increased, the most notable increases being made by Japan, the French East Indies, and the British East Indies, the importations from these two last-mentioned countries having been chiefly augmented by the large importations of rice.

EXPORTS.

The increase in exports is largely due to the encouraging increase in the output of copra. Shipments of this product during the fiscal year 1912 amounted to 169,342 tons, valued at \$16,514,749, at an average value per ton of \$97.52, compared with 115,602 tons, with a value of \$9,899,457, at an average value per ton of \$85.63, in 1911. The demand for this product is increasing, and the new and profitable uses to which it is being put has resulted in a steady improvement in prices. The

remarkable increase in the demand from the United States during the year 1911, when shipments were more than double those of 1910, continued during the year 1912, which witnessed the shipment of twice the quantity for 1911, and the increase in price brought the total value up to a sum representing 227 per cent of the value for the preceding year.

Hemp, which heretofore has always held first place among exported articles, has yielded this position to copra. The total shipments of hemp for the year were 153,987 tons, compared with 165,650 tons in 1911, a decrease of 11,663 tons. The value, however, has risen from \$16,141,340, at an average value of \$97.44 per ton, in 1911, to \$16,283,510, at an average value of \$105.75 per ton, in 1912. Shipments to the United States have increased, however, in both quantity and value, amounting to 69,574 tons, with a value of \$7,751,489, compared with 66,545 tons, valued at \$7,410,373 in 1911.

A comparison of the average value per ton of hemp exported shows a decided increase during the year, compared with 1911. The increase, however, in the price of this commodity shipped to the United States was insignificant. Shipments to European countries, which heretofore have consisted largely of the poorer qualities, have this year included a greater proportion of the finer grades. So it is that with a larger proportion of the better grades at an advanced value, and a falling off in shipments of the poorer qualities, the total exports of hemp show an increase in value despite a considerable reduction in quantity.

The exportation of raw sugar during the year 1912 amounted to 186,016 tons, valued at \$10,400,575, compared with 149,376 tons, valued at \$8,014,360 during the year 1911, exceeding in quantity and value that of any year since the American occupation. The average value per ton was \$55.91, greater than any year since the passage of the so-called Payne bill. The principal demand for sugar continues to come from the United States, whose purchases amounted during the year to 161,783 tons, valued at \$9,142,833, at an average price of \$56.51, compared with 128,926 tons, with a value of \$7,144,755 in 1911, at an average value per ton of \$55.42. These figures show that the increase in the exportation of this product to the United States is more than the increase in the total exports during the year. On the other hand, exports to other countries have fallen off.

There is an increase in the production of cigars, although the amount exported during the year is still below that for the fiscal year 1910. There were 175,320,000 exported during

the year 1912, valued at \$2,660,061, at an average value per thousand of \$15.17, compared with 132,217,000, valued at \$1,700,712, at an average value per thousand of \$12.86 in 1911. Exportations to the United States amounted to 71,973,000, valued at \$1,619,326, at an average value per thousand of \$22.50; compared with 27,936,000, valued at \$717,907, at an average value of \$25.70 per thousand, for 1911. These figures show that the entire increase in the exportation of cigars for the year was practically absorbed by the United States.

The exportation of cigarettes shows a slight increase. There were exported during the year 34,955,000, valued at \$23,488, at an average price of \$0.90 per thousand, compared with 33,662,000, valued at \$36,132, at an average price of \$1.07 per thousand, for the fiscal year 1911. Exportations of this product to the United States have decreased, being 5,064,000, valued at \$10,613, at an average value of \$2.09, compared with 8,659,000, valued at \$15,393, at an average value of \$1.78, for 1911.

In addition to the figures given above, there were taken on board outgoing vessels as ship's stores 948,315 cigars and 47,500 cigarettes.

There was an increase in both the quantity and value of leaf, smoking, and other manufactured tobacco exported. An improvement is noticed also in the price, compared with that for the fiscal year 1911. The exportation of these other tobacco products amounted to 12,548 tons, valued at \$1,902,644, at an average value per ton of \$151.63, compared with 12,487 tons, valued at \$1,868,723, at an average value per ton of \$149.65. The amount of these products exported to the United States is very insignificant: 5 tons, valued at \$1,607, at an average value of \$316.71, compared with 14 tons, valued at \$8,472, at an average value of \$585.85 per ton, for 1911.

Exports other than those already mentioned were valued at \$2,525,809. Among these miscellaneous items of export, the largest is knotted hemp, with a value of \$615,769. This is a product consisting of specially selected threads of hemp knotted together into long filaments and shipped principally to Italy, France and Switzerland where it is woven into fine textiles. Other miscellaneous items are: native hats, valued at \$502,843; maguey, \$320,791; shells, \$286,818; native cloths, \$182,418; ilang-ilang oil, \$80,879; and native timber \$71,794.

There is still considerable latitude for the development of the sugar and tobacco industries in the Islands before the limitations placed upon the free importation of these products into

the United States is reached. Sugar shipments have reached 55 per cent of the free limit, and cigars 46 per cent.

The United States continues at the head of the countries receiving goods from the Philippine Islands, the total amount exported to that country during the year 1912, being \$21,517,777, compared with \$16,716,956 for the year 1911, the largest amount exported from the Islands since the establishment of free trade. France, with exportations to that country of \$10,071,013, compared with \$6,685,323 for the previous fiscal year, now occupies second place, forcing the United Kingdom to third place, exportations to that country being reduced from \$7,547,706 during 1911 to \$7,481,587 for the year 1912. Spain continues to occupy fourth place, exports to that country having increased from \$2,178,730 during the fiscal year 1911 to \$2,485,661 in 1912. Then follow in order Germany, Belgium, Japan, British East Indies and Hongkong. Exportations to this last mentioned country have been decreasing in marked degree from year to year. From \$2,438,438 in 1908, they have fallen off to \$994,649 in 1912.

CUSTOMS COLLECTIONS AND EXPENDITURES.

The gross collections of the Bureau during 1912 were \$9,347,647.79, being \$668,837.45 greater than for the year 1911. The larger portion of this increase was due to importations of rice. Import duties collected amounted to \$7,502,960.95, an increase of \$625,676.94. Export duties collected were \$1,058,902.19, a decrease of \$10,787.85. The decrease in export duties was a result of opposing factors. Exports of hemp were less in quantity in 1912 than in 1911, but shipments of this product to the United States were greater than in the preceding year, so that the net quantity subject to export duty was considerably reduced. On the other hand, copra, which contributed most to the high export value for the year, and of which dutiable shipments far exceeded those of 1911, is subject to a very much lower rate of duty, and the increased collections from this source were not sufficient to make up for the loss on hemp. The general increase in export trade is reflected, however, in the amount of wharfage collected. Receipts in connection with the licensing of vessels also showed a gain over 1911, but reductions appear in collections on account of storage, and immigration dues, and from other miscellaneous sources.

The above figures represent all the receipts of the bureau, including the amount accruing to the Government of the Moro

Province, the amount accruing to the credit of the appropriation of the Bureau, salaries of bonded warehouse keepers, collections on account of extra services of employees, and collections subject to refund. It does not include refundable export duties reverted to the Insular Government in the absence of claims within two years, amounting to \$14,299.78, and the duties collected on Philippine products in the United States and credited to the Insular Treasury, amounting to \$1,348.71.

Of the above gross collections, \$230,723.39 were collected at the ports of Zamboanga and Jolo and accrued to the Government of the Moro Province, an increase of \$13,903.16 over the figures for 1911, gains appearing in the receipts at these two ports from all sources with the exception of immigration dues. The largest increase was in the amount of import duties, which were \$9,566.99 in excess of those for 1911.

The net amount accruing to the Insular Government from customs collections for the year 1912 available for appropriation was \$8,908,123.64, compared with \$8,272,397.78 for 1911, representing an increase of \$635,725.86. The amount credited to the appropriation of the Bureau was \$90,721.83, as compared with \$114,947.18 in 1911. The total cost of the operations of the Bureau for the year was \$451,156.15, being \$513.48 less than the cost for 1911. Of the above amount \$430,526.74 was the total expense to the Insular Government, and \$20,629.41 to the Moro Province, compared with \$435,947.25 and \$15,222.38 respectively in 1911.

FOREIGN CARRYING TRADE.

The number of vessels that entered the Philippine Islands from foreign ports during the past year was 949, with a total registered tonnage of 1,965,693; and clearances to foreign ports numbered 903, with tonnage of 1,939,079. In 1911 similar entrances totaled 948, with tonnage of 1,865,196, and clearances 884, representing a total tonnage of 1,808,308. There is therefore an apparent increase of 20 in the number of entrances and clearances, and of 231,268 in the total tonnage. Many of the vessels included in the above figures call at two or more ports during their visits in these waters, for the purpose of discharging import or loading export cargo, and when this fact is taken into consideration the entrances from foreign ports and from other entry ports in the Islands reach the total of 1,292, or a tonnage of 2,527,949, and clearances 1,283, with a total tonnage of 2,531,368. In 1911 similar entrances numbered 1,243 and

clearances 1,232, with tonnages of 2,347,479 and 2,352,311, respectively. These figures indicate increases of 100 in entrances and clearances and 359,527 in total tonnage.

Based on the latter set of figures, it appears that 52 per cent of the tonnage in the foreign trade of the Islands is under the British flag, while American vessels represent little more than 5 per cent of the total tonnage, and domestic vessels approximately 8 per cent.

In the value of imported and exported merchandise carried, the British flag also predominates, although the ratio of this value to the total value of foreign commerce is less than in the fiscal year 1911. The value carried in Spanish vessels has been considerably reduced, while that carried by German and American vessels has increased, giving both of them a more important place than the Spanish, which in 1911 were second to British vessels. The foreign trade carried in American vessels was 6.6 per cent of the total, a little less than the percentage for the preceding year, when it reached 7 per cent.

COASTWISE TRADE.

Increased activity is noted in the coastwise traffic of the Islands during the past year. No figures are available to indicate the comparative quantities of cargo and number of passengers carried, but it is significant that on at least two of the principal interisland routes there are now two regular lines of steamships operating where up to the past year there had been but one.

The number of vessels in commission in the Islands at the close of the fiscal year was 55 per cent greater than on June 30, 1911. The larger proportion of these were vessels licensed for lighterage and harbor service, but those engaged in the coastwise trade numbered 764, compared with 577 at the end of 1911.

The Official Shipping Agent has rendered valuable assistance to coastwise shipping in registering seamen. Through his agency 4,660 seamen were given employment, 3,432 discharged, and 3,442 newly registered during the past year.

IMMIGRATION AND EMIGRATION.

During the fiscal year 1912 persons to the number of 15,198 came to the Philippine Islands, of which number 2,536 were immigrants; and 19,606 persons departed from the Islands, of

which number 729 were emigrants, showing a net gain to the Islands of 1,807 residents. Filipinos to the number of 5,313 departed from the Islands, 3,889 going to the Hawaiian Islands, being 647 more than went to those Islands during the preceding year; while 1,194 Filipinos returned from abroad. American citizens to the number of 4,402 left the Islands, 4,311 entered during the twelve months. There was a slight decrease in the number of Chinese, Japanese, and Spanish and a 70 per cent increase in the number of East Indian immigrants during the year.

It is estimated that there are approximately 65,000 Chinese domiciled in the Islands, about 50 per cent of whom reside in the city of Manila.

The work performed by boards of special inquiry at the port of Manila in the enforcement of the immigration law (Act of Congress of February 20, 1907), and the various Acts of Congress known collectively as the Chinese exclusion laws, the number of aliens landed by the Insular Collector of Customs on appeal from the decisions of such boards, those landed under bond not to become public charges, and those deported during the fiscal year 1912, are shown in the following statement:

Races or peoples.	Cases pending from 1911.	New applications.	Total number applications.	Aliens landed.	Aliens rejected.	Aliens landed on appeal.	Aliens landed under bond.	Aliens deported.	Cases pending.
Afghans	0	1	1	0	1	0	0	1	0
British	0	4	4	0	4	1	0	3	0
Chinese	121	938	1,059	860	100	24	0	38	137
East Indian	0	32	32	2	30	0	7	23	0
Japanese	2	81	83	17	64	3	8	48	7
Malay	0	1	1	0	1	0	0	1	0
Mexican	0	1	1	0	1	0	0	1	0
Russian	0	1	1	0	1	0	0	1	0
Syrian	0	1	1	0	1	0	0	0	1
Turkish	0	2	2	0	2	0	0	0	2
Total	123	1,062	1,185	879	205	28	15	116	147

My previous recommendation that suitable buildings for the immigration and detention station at Manila be constructed is renewed.

REVENUE-CUTTER SERVICE.

The two cutters, the *Sora* and the *Skua*, still constitute the only equipment owned by the Bureau for this service, and they are entirely inadequate for the work. Funds have, however, been provided for the purchase of a new revenue cutter to have a speed of 16 knots, and to be equipped with two high speed

launches for close shore patrol, for use in the southern waters of the Archipelago.

PORT OF MANILA.

The volume of commerce, both foreign and coastwise, at the port of Manila continues to increase. The number of foreign vessels entering the harbor during the year 1912 was 7 per cent more than for the preceding year. This steady growth in the volume of shipping emphasizes the need of still better facilities for handling the constantly increasing commerce of this port.

The Collector of Customs renews his recommendation for the improvement of Manila Harbor, the construction of two new piers, the building of a bulkhead and cargo sheds connecting the present Government piers, the improvement of the Pasig River to provide additional berthing space for coastwise vessels, and the early erection of a new custom-house in the port district. All these improvements are very desirable. They would greatly facilitate the handling of cargo and would stimulate both foreign and coastwise trade. They are well worthy of consideration by the Legislature, and I recommend that the money necessary therefor be appropriated as soon as the condition of the Treasury permits.

OTHER PORTS.

Business at the port of Iloilo, both imports and exports, shows an encouraging growth. Conditions at this port were much improved by the completion of a portion of the river wall, but there is still much to be done, and the proper accommodation of shipping demands the extension of the wall both up and down the river. The recommendation is repeated that a suitable customs building be erected at this port, the present structure being entirely inadequate and unfit.

At Cebu the total foreign commerce was greater in value in 1912 than in 1911, although imports show a slight decrease. The facilities at this port for the accommodation of shipping, both foreign and coastwise, are better than at any other sub-port of entry, but the discrimination against this port in the matter of freight rates on through shipments to New York still continues. The new custom house was formally opened on July 4, 1911. The new wharves give excellent service, but provision should be made for the erection of sheds for the protection of cargo, and it is recommended that funds be made available at an early date for this purpose.

Imports at Zamboanga show an increase in 1912 over the preceding year, but exports fell off considerably. The wharf at that place has been repaired and extended so that now all vessels calling at that port are enabled to lie alongside, and the province has under consideration extensive port improvements for the future.

Trade at Jolo has increased 27 per cent, and at Balabac shows a slight increase.

BUREAU OF INTERNAL REVENUE.

PERSONNEL.

On February 11, 1912, Mr. Ellis Cromwell, Collector of Internal Revenue, died, stricken suddenly with heart disease. The Government lost by his death an intelligent, zealous and efficient officer.

Mr. William T. Nolting was appointed Collector of Internal Revenue on February 26, 1912.

COLLECTIONS.

The following is a summary of the collections made by the Bureau of Internal Revenue during the fiscal years 1911 and 1912:

Items.	1911	1912
Internal revenue taxes.....	₱15,655,791.18	₱16,331,125.23
United States internal revenue taxes.....	189,783.91	448,732.65
Opium taxes and fines.....	119,268.11	116,729.71
Weights and measures taxes.....	75,157.27	85,595.00
Justice of the peace fines and fees.....		262,213.15
Sisiman matadero.....		28,535.81
San Lazaro Estate rentals.....	51,468.82	65,182.22
San Lazaro Estate, miscellaneous.....	65.00	
Sales of public mineral lands.....	4,115.34	441.42
Subscriptions to publicity fund.....		11,460.32
Franchise taxes.....	19,694.29	187,680.21
Total.....	16,115,343.92	17,537,695.72
City of Manila taxes and other revenues.....	*3,090,787.28	3,646,472.58
Grand total.....	19,206,131.20	21,184,168.30

* In a few instances the figures were revised after the 1911 report was printed; hence the apparent discrepancy.

This table shows an increase in collections over the fiscal year 1911 of ₱1,978,037.10, or a little over 10 per cent. Of this sum ₱921,703 is due to receipts from new sources, while the sum of ₱1,056,334 is due to increase in the output from manufactures of taxable articles and to a general improvement in business conditions.

By Act 2041, effective July 1, 1911, the fees and fines collected by justices of the peace ceased to be municipal revenue, and are now Insular revenue credited to the appropriation for the Judiciary.

The following table shows the collections of internal-revenue taxes made during the fiscal years 1911 and 1912 and the increase or decrease for the different items during the last fiscal year.

Items.	1911	1912	Increase.	Decrease.
Distilled spirits:				
Domestic	₱2,551,501.04	₱2,713,061.06	₱161,560.02	
Imported	285,126.19	336,623.34	51,497.15	
Wines and imitation wines:				
Domestic	47,873.21	60,083.89	12,210.68	
Imported	127,011.15	113,307.39		₱13,703.76
Fermented liquors:				
Domestic	155,500.00	178,650.00	23,150.00	
Imported	29,358.46	23,528.34		5,830.12
Smoking and chewing tobacco:				
Domestic	168,138.51	205,451.66	37,313.15	
Imported	64,747.27	77,573.79	12,826.52	
Cigars:				
Domestic	226,630.44	255,687.58	29,057.14	
Imported	21.20	13.31		7.89
Cigarettes:				
Domestic	4,067,920.46	4,376,711.95	308,791.49	
Imported	1,657.54	1,968.51	310.97	
Matches:				
Domestic	254,000.00	246,860.00		7,140.00
Imported	87,262.87	123,796.45	36,533.58	
Dealers in alcohol and tobacco products	516,918.70	566,128.09	49,209.39	
Merchants, manufacturers, and common carriers	1,793,288.14	1,934,586.74	141,298.60	
Occupations, trades, and professions	563,102.94	569,095.20	5,992.26	
Cedulas personales	3,883,415.00	3,643,117.80		240,297.20
Documentary stamps taxes	242,410.62	272,935.35	30,524.73	
Banks and bankers	223,588.13	245,086.31	21,498.18	
Insurance companies	31,521.91	32,133.80	611.89	
Forest products	334,763.27	354,685.37	19,922.10	
Miscellaneous	34.13	39.30	5.17	
Total	15,655,791.18	16,331,125.23	942,313.02	266,978.97

From the foregoing table it will be seen that there has been an increase of internal revenue during the fiscal year of ₱675,334.05, or about 4.3 per cent. Exclusive of cedula taxes, the internal-revenue collections show an increase of 7.8 per cent. This increase of revenue indicates improved business conditions in the Islands. There is noted a falling off in importations of wine and beer, while there has been a slight increase in imported smoking and chewing tobacco, and a considerable increase in imported matches.

Of the total amount of internal-revenue collections during the year, there accrued to the Insular Treasury ₱9,010,688.68; to provincial treasuries ₱4,293,099.13; and to municipal treasuries

₱3,027,337.42, as compared with ₱8,162,847.76, ₱4,452,256.80, and ₱3,040,686.62 respectively for the fiscal year 1911.

The following table shows the city of Manila taxes and other revenues collected during the fiscal years 1911 and 1912:

Item.	1911	1912
Real estate tax.....	₱1,286,062.07	₱1,299,436.79
Matadero receipts.....	199,738.38	113,204.01
Market receipts.....	295,351.25	319,666.05
Municipal licenses.....	220,100.40	217,432.72
Rentals of city property.....	29,055.97	26,484.55
Municipal court receipts.....	107,134.32	115,243.59
Pail system.....	69,384.85	63,863.99
Odorless-excavator service.....	25,487.00	20,160.00
Building permits.....	22,006.57	27,086.78
Water rents.....	295,561.38	312,923.43
Board of Health fees.....	4,348.70	4,715.30
Justice of peace and sheriff's fees.....	16,556.53	18,841.34
Cementerio del Norte.....	24,772.44	27,583.27
Franchise taxes.....	*55,456.90	60,876.64
Rice sales.....		225,058.66
Construction of streets.....		71,201.79
Construction of sidewalks.....		12,699.44
Transportation, Insular Government.....		105,435.96
Other minor receipts, miscellaneous, and internal revenue dividend.....	439,770.52	604,558.27
Total.....	3,090,787.28	3,646,472.58

* Revised figures.

COST OF COLLECTION.

The cost to the Government of making the above collections, including the enforcement of certain laws, ordinances and regulations which are not revenue measures, was ₱644,109.24, equal to 3.06 centavos for each peso collected. This cost of collection has been undergoing a gradual reduction since the year 1907, when the cost of collecting each peso was 5 centavos. The above sum includes ₱544,109.24 received by appropriation and ₱100,000 received from the city of Manila for the assessment and collection of city taxes and charges, but does not include the expense of collection incurred by provincial governments.

The cost of assessing and collecting the city of Manila taxes during the year amounted to 2.74 centavos for each peso collected. This cost was 3.23 centavos for the year 1911, and 3.45 centavos for 1910.

In addition to the amounts shown above, the sum of ₱29,038.08 was expended from the special opium fund in the enforcement of the law prohibiting the importation, sale, and use of opium except for medicinal purposes, as compared with ₱23,554.55 expended for the same purpose during the fiscal year 1911.

DISTILLED SPIRITS, WINES, AND LIQUORS.

Distilled spirits.—The foregoing table of internal-revenue tax collections shows an increase during the year of taxes collected on both domestic and imported distilled liquors amounting to 8.4 per cent.

The total output from registered distilleries during the year was 11,426,728 proof liters, being over 9 per cent more than during the preceding fiscal year. The quantity of denatured alcohol used for industrial purposes, principally for lighting, was almost double the quantity used during the fiscal year 1911, and almost four times as much as was used during the fiscal year 1910.

Wines.—A slight falling off is shown in taxes collected on imported wines and imitations.

The following table shows the quantity in gauge liters of domestic and imported wines and imitation wines on which taxes were collected during the fiscal years 1911 and 1912:

	Containing not more than 14 per cent alcohol		Containing more than 14 per cent alcohol.		Sparkling wines.	
	1911	1912	1911	1912	1911	1912
Domestic	456,303	603,313	78,480	76,057	-----	-----
Imported	1,139,160	977,351	95,744	113,505	22,419	16,412

Fermented liquors.—Taxes were collected during the year on 5,054,458 gauge liters of beer, of which 4,466,250 liters were of domestic manufacture and 588,208 liters were imported, as compared with a total of 4,621,460 gauge liters for the year 1911, of which 3,887,500 were of domestic manufacture, and 733,960 were imported.

There were exported during the year 6,703 liters of domestic beer, as compared with 3,900 liters exported during the fiscal year 1911. The total output of domestic beer exceeded that of the year 1911 by 578,750 liters.

TOBACCO PRODUCTS AND MATCHES.

Leaf tobacco.—The following comparative statement shows the quantity of unstemmed leaf tobacco produced, the quantity used in the manufacture of cigars, cigarettes, smoking and chewing

tobacco, and the quantity exported, during the calendar years 1910 and 1911:

	Calendar year—	
	1910	1911
Leaf tobacco on hand by dealers and manufacturers at beginning of calendar year.....	<i>Kilos.</i> a 17,324,680	<i>Kilos.</i> 18,072,981
Production	25,017,129	28,388,519
Total	42,341,809	46,461,500
Quantity used in the manufacture of:		
Cigars	2,943,950	2,523,959
Cigarettes	6,244,637	7,368,671
Smoking tobacco	162,565	227,335
Chewing tobacco	196,579	190,021
Total	9,547,731	10,309,986
Exported in the leaf: b		
To the United States	5,477	2,208
To other countries	11,816,875	12,658,320
Total	11,822,352	12,660,528
Disposed of through retailers to consumers (no tax is imposed on cigars and cigarettes made by hand by the actual consumers thereof), and shrinkage	c 2,898,745	2,553,331
Total	24,268,828	35,523,845
Balance on hand by dealers and manufacturers at end of calendar year..	a 18,072,981	20,937,655

a Including balances not previously reported.

b There were also exported 390,413 kilos of cuttings, clippings and waste during 1911.

c Includes waste tobacco used for industrial purposes.

Smoking and chewing tobacco.—The following statement shows the quantities, expressed in kilograms, of domestic and imported smoking and chewing tobacco on which taxes were collected during the fiscal years 1911 and 1912:

Kinds.	Domestic.		Imported.	
	1911	1912	1911	1912
Smoking	<i>Kilos.</i> 152,816	<i>Kilos.</i> 229,404	<i>Kilos.</i> 82,201	<i>Kilos.</i> 94,056
Chewing	191,141	193,961	52,328	71,672
Total	343,957	423,365	134,529	165,728

In addition to the smoking and chewing tobacco consumed in these Islands, the exports of smoking and chewing tobacco during the past year were 29,666 kilograms, as compared with 39,734 kilograms in the fiscal year 1911.

Cigars.—The production of cigars in the Islands during the past year was 284,918,845, a gain of 56,667,554 over the pre-

vious year. The domestic consumption amounted to 109,924,014, as compared with 96,115,525 the preceding year. The cigars exported to foreign countries and to the United States amounted to 104,476,781 and 70,518,050 respectively, as compared with 104,604,170 and 27,531,596, respectively, for the fiscal year 1911.

The demand for Philippine cigars in the United States fell off in April, 1910, about six months after the first large shipment of duty-free cigars reached that market, and for several months thereafter very few cigars were shipped to the United States.

With the coöperation of the Manila Tobacco Association, rules and regulations have been adopted governing the shipment of cigars to the United States. These rules provide, among other things, that the cigars shall be divided into three groups—first, second, and third. Not less than 25 per cent of the first group nor more than 25 per cent of the third group shall be exported and entitled to the Government inspection stamp. The increased demand for Philippine cigars in the United States is the best evidence that these regulations are assisting the tobacco industry in these Islands. It is not believed, however, that the cigar manufacturers are receiving a fair price considering the quality of their goods. We have now passed the experimental stage and it is believed that the Philippine cigar will soon have a firm hold in the United States.

Cigarettes.—The total production during the year was 4,404,929,808 cigarettes, as compared with 4,094,028,988 during the preceding year. Of this number 4,369,153,048 were consumed in the Islands, and 35,776,760 were exported to foreign countries, as compared with 4,058,603,123 and 35,425,865, respectively, for the fiscal year 1911. Over three-fourths of the cigarettes exported went to China. The Philippine cigarette does not seem to meet with much favor in the United States, the number exported tax free to that country for the years 1910, 1911, and 1912 being respectively 10,213,200, 8,387,900, and 3,061,900.

Matches.—The output during the fiscal year 1912 of the one match factory in the Islands decreased 2.8 per cent as compared with the output during the fiscal year 1911, and the imported matches show an increase of nearly 42 per cent over the fiscal year 1911.

LICENSE TAXES.

Dealers in alcohol and tobacco products.—There was collected from this source during the past year the sum of ₱566,128.09,

as compared with ₱516,918.70 collected during the previous year, an increase of nearly 10 per cent.

Merchants, manufacturers, and common carriers.—A steady increase in the amount of percentage taxes paid, which has been noted for several years last past, has continued during the fiscal year 1912, and is a fair indication of the improved business conditions in the Islands. Under this head ₱1,934,586.74 was collected in the past year, as against ₱1,793,288.14 collected during the fiscal year 1911. Of this amount 92.5 per cent was paid by merchants, 5.9 per cent by manufacturers, and 1.6 per cent by common carriers. While the increase in the percentage taxes collected from merchants and manufacturers, ₱131,940.50, is not as large as the increase shown the previous year, it nevertheless indicates an increase of nearly forty million pesos in the gross value of goods, wares, etc. (exclusive of liquors and tobacco products and all exports) sold by merchants and manufacturers throughout the Islands.

Occupations, trades, and professions.—There were collected as specific occupation taxes during the year ₱569,095.20, as against ₱563,102.94 collected during the fiscal year 1911. Of this amount 74.5 per cent was paid by the owners of cockpits, 9.7 per cent by lawyers, doctors, civil engineers and surveyors, and 15.8 per cent by all other occupation-license taxpayers. In 540 municipalities additional taxes on cockpits were imposed by municipal ordinances. In 31 municipalities no cockpit licenses were issued during the year.

BANKS AND BANKERS AND INSURANCE COMPANIES.

As shown by the amount of taxes assessed thereon, the average monthly deposits with banks has increased from ₱13,250,000 in the calendar year 1905 to ₱27,333,000 in 1911, not including deposits in postal savings banks.

According to the taxes collected, the average capital of the banks increased from ₱11,918,765 in the calendar year 1910 to ₱14,397,041 in 1911, and the average deposits increased from ₱24,661,585 to ₱27,341,834.

An increase is noted in the business of the insurance companies. Based on taxes paid, the total amount of insurance during the calendar years 1910 and 1911 is as follows:

	1910	1911
Life	₱16,813,630.42	₱24,537,604.50
Fire	122,287,938.51	132,299,960.13
Marine	104,533,359.79	110,911,246.28
Accident	595,000.00	615,000.00
Typhoon and earthquake		1,710,500.00

CEDULAS PERSONALES.

A decrease of ₱240,297 is shown in collections from the sale of cedula personales or certificates of registration during the past year. Over half of this decrease is due to the increased number of regular cedula issued before the delinquency period arrived in 1911, as compared with 1910, resulting in a decrease in the sale of delinquent cedula in the first half of the fiscal year 1912. Over ₱18,000 of the decrease is due to the exemptions from the cedula tax in the Provinces of Batanes, Mindoro and Palawan, provided by Act No. 2055. The long drought experienced during the year delayed considerably the collection of the cedula tax, but it is expected that before the close of the present calendar year the collections under this head will be brought up to normal.

The double cedula tax was in force in 33 provinces, the same in which it was in force in the two preceding fiscal years, and in which reside 95.68 per cent of the cedula-paying population. Over 90.7 per cent of the cedula sold during the year were without delinquency charges added.

SAN LAZARO ESTATE RENTALS.

The following is a summary of the work accomplished during the year in the collection of rentals from tenants on the San Lazaro Estate:

Number of sites rented July 1, 1911	2,256
Number of sites rented June 30, 1912	2,278
Number of tenants June 30, 1912	1,418
Amount collected	₱65,182.22
Amount delinquent June 30, 1912	₱4,747.00

WEIGHTS AND MEASURES.

An increase of nearly 14 per cent is noted in the collections of fees for the testing, sealing, etc., of weights and measures.

OPIUM.

The receipts from the enforcement of the Opium Law have been almost exclusively composed of fines imposed for violations of its provisions. There were collected as taxes and fines during the fiscal year ₱116,729.71, as against ₱119,268.11 collected during the previous fiscal year. This decrease is in part due to the larger number of jail sentences imposed by the courts, and partly to a decrease in the illegal use of opium.

During the year 1,370 persons were apprehended for violations of the Opium Law, as compared with 1,248 during the

previous year. There were 797 convictions, 204 cases were compromised, 42 defendants were deported, and 141 cases were pending at the close of the fiscal year 1912.

PUBLICITY FUND.

During the year 125 subscribers voluntarily contributed ₱11,460.32 to a general publicity fund to be raised by private subscriptions and by an equal amount, not exceeding ₱50,000, appropriated by the Legislature for expenditure under the direction of the Governor-General by a committee consisting of representatives of the commercial interests and of the Government for the purpose of advertising Philippine products and interests. These contributions were collected by the Bureau of Internal Revenue and deposited in the Insular Treasury.

Full details of the operation of the Bureau of the Treasury, the Bureau of Customs, and the Bureau of Internal Revenue will be found in the reports of the respective Directors of those Bureaus. The report of the Attorney-General gives a detailed statement of the work of the Bureau of Justice and of the Judiciary.

Respectfully submitted.

GREGORIO ARANETA,
Secretary of Finance and Justice.

To the PHILIPPINE COMMISSION.



Pails
106

